

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature		Printed Name		License Number

CHARTER TOWNSHIP OF YORK

REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2006

CHARTER TOWNSHIP OF YORK

TOWNSHIP OFFICIALS

Supervisor - Joe Zurawski
Clerk - Helen Neill
Treasurer - Sally B. Donahue

BOARD OF TRUSTEES

John Bulmer
Jane Kartje
Mike Kipley
David Potter

LEGAL COUNSEL

Reading, Etter & Lillich

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	
MANAGEMENT DISCUSSION AND ANALYSIS	8
BASIC FINANCIAL STATEMENTS	
GOVERNMENT - WIDE FINANCIAL STATEMENTS	
Statement of Net Assets	16
Statement of Activities	17
FUND FINANCIAL STATEMENTS	
Balance Sheet - Governmental Funds	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Assets - Proprietary Fund	21
Statement of Revenue, Expenses and Changes in Fund Net Assets - Proprietary Fund	22
Statement of Cash Flows - Proprietary Fund	23
Statement of Assets and Liabilities - Fiduciary Funds	24
NOTES TO FINANCIAL STATEMENTS	26
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	39
Building Department Fund	40
Public Safety Fund	41
Budget Stabilization Fund	41
<u>SUPPLEMENTARY INFORMATION</u>	
COMBINING FINANCIAL STATEMENTS	
Combining Balance Sheet - All Special Revenue Funds	43
Combining Balance Sheet - All Agency Funds	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Special Revenue Funds	45

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
 <u>INDIVIDUAL FUNDS</u>	
 GENERAL FUND	
Balance Sheet	48
Statement of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual	49
Statement of Expenditures - Budget and Actual	50
 BUILDING DEPARTMENT FUND	
Balance Sheet	55
Statement of Revenues, Expenditures and Changes in	
Fund Balance - Budget and Actual	56
 LIQUOR LAW FUND	
Balance Sheet	58
Statement of Revenues, Expenditures and Changes in	
Fund Balance - Budget and Actual	59
 ENVIRONMENT PROTECTION FUND	
Balance Sheet	61
Statement of Revenues, Expenditures and Changes in	
Fund Balance - Budget and Actual	62
 PUBLIC SAFETY FUND	
Balance Sheet	62
Statement of Revenues, Expenditures and Changes in	
Fund Balance - Budget and Actual	62
 BUDGET STABILIZATION FUND	
Balance Sheet	64
Statement of Revenues, Expenditures and Changes in	
Fund Balance - Budget and Actual	65
 CEMETERY TRUST FUND	
Balance Sheet	67
Statement of Revenues, Expenditures, and Changes in	
Fund Balance - Budget and Actual	68

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
SEWER FUND	
Balance Sheet	70
Statement of Changes in Fund Equity	71
Statement of Revenues and Expenses	72
Statement of Cash Flows	73
TRUST AND AGENCY FUND	
Balance Sheet	75
CURRENT TAX FUND	
Balance Sheet	77

September 25, 2006

Board of Trustees
Charter Township of York
11560 Stony Creek Road
Milan, MI 48160

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of York, as of and for the year ended March 31, 2006, which collectively comprise the Charter Township of York's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of York's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Charter Township of York, as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 30, 2005, on our consideration of internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1, the Township has implemented a new financial reporting model as required by the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of March 31, 2006.

The Management's Discussion and Analysis and other required supplementary information on pages 8 through 13 and 39 and 40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITORS' REPORT

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter Township of York's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

MANAGEMENT DISCUSSION

AND

ANALYSIS

Management Discussion and Analysis
March 31, 2006

Within this section of the Charter Township of York's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2006. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water & sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Proprietary funds are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net assets at the end of the fiscal year were \$2,074,776. This is a \$436,186 increase over last year's net assets of \$1,638,590.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>3/31/05</u>	<u>3/31/06</u>	<u>3/31/05</u>	<u>3/31/06</u>
ASSETS				
Current and other assets	\$ 521,552	\$ 968,716	\$ 197,868	\$ 200,317
Capital assets	<u>550,806</u>	<u>529,782</u>	<u>624,586</u>	<u>610,098</u>
Total assets	1,072,358	1,498,498	822,454	810,415
LIABILITIES				
Other liabilities	68,218	51,564	8,004	8,073
Long-term liabilities	<u> </u>	<u> </u>	<u>180,000</u>	<u>174,500</u>
Total liabilities	<u>68,218</u>	<u>51,564</u>	<u>188,004</u>	<u>182,573</u>
NET ASSETS				
Invested in capital assets, net of debt	550,806	529,782	444,586	435,598
Unrestricted	<u>453,334</u>	<u>917,152</u>	<u>189,864</u>	<u>192,244</u>
Total net assets	<u>\$ 1,004,140</u>	<u>\$ 1,446,934</u>	<u>\$ 634,450</u>	<u>\$ 627,842</u>

TOTALS	
<u>3/31/05</u>	<u>3/31/06</u>
\$ 719,420	\$ 1,169,033
<u>1,175,392</u>	<u>1,139,880</u>
<u>1,894,812</u>	<u>2,308,913</u>
76,222	59,637
<u>180,000</u>	<u>174,500</u>
<u>256,222</u>	<u>234,137</u>
995,392	965,380
<u>643,198</u>	<u>1,109,396</u>
<u>\$ 1,638,590</u>	<u>\$ 2,074,776</u>

Summary of Changes in Net Assets

	Governmental Activities		Business-Type Activities	
	3/31/05	3/31/06	3/31/05	3/31/06
REVENUES				
Program revenues				
Charge for services	\$ 361,783	\$ 483,214	\$ 14,773	\$ 14,475
Operating contributions	24,252			
General revenues				
State shared revenues	430,638	452,353		
Property taxes	279,220	619,373		
Interest	5,865	21,135	9,731	9,829
Other	70,553	59,101	165	
	1,172,311	1,635,176	24,669	24,304
EXPENSES				
General government	696,621	670,146		
Fire protection	240,174	214,242		
Police protection	255,672	267,219		
Recreation	2,520	11,137		
Library	1,000	1,000		
Public works	68,267	28,638		
Sewer system			30,850	30,912
	1,264,254	1,192,382	30,850	30,912
CHANGES IN NET ASSETS	(91,943)	442,794	(6,181)	(6,608)
BEGINNING NET ASSETS	1,096,083	1,004,140	640,631	634,450
ENDING NET ASSETS	\$ 1,004,140	\$ 1,446,934	\$ 634,450	\$ 627,842

TOTALS

	3/31/05		3/31/06
\$	376,556	\$	497,689
	24,252		
	430,638		452,353
	279,220		619,373
	15,596		30,964
	70,718		59,101
	1,196,980		1,659,480
	696,621		670,146
	240,174		214,242
	255,672		267,219
	2,520		11,137
	1,000		1,000
	68,267		28,638
	30,850		30,912
	1,295,104		1,223,294
	(98,124)		436,186
	1,736,714		1,638,590
\$	1,638,590	\$	2,074,776

This year the Township saw a significant increase in cash and cash equivalents in the governmental funds due to a Public Safety milage being collected for the first time.

The business-type funds reported a decrease in net assets of \$6,608. This is primarily due to the \$14,488 of depreciation incurred during the year while connection fees were virtually non-existent.

Financial Analysis of the Township's Major Funds

The Township's General Fund had revenues over expenditures totaling \$625,673 before operating transfers of \$435,982 were made to the Budget Stabilization Fund and Public Safety Fund.

The Building Department Fund had expenditures over revenues totaling \$20,715. This fund still remains a deficit at March 31, 2006 totaling \$26,306. A deficit elimination will be sent to the State of Michigan detailing how the Township plans to remedy this deficit.

The Township's only major business-type fund the Sewer Fund had an operating loss totaling \$8,461 for the year. This loss is primarily due to the \$14,488 of depreciation and lack of new connection fees. Operating expenses increased by \$609 from the prior year due to decreased professional fees related to the creation of this relatively new system.

The Public Safety Fund had expenditures over revenues totaling \$142,793 before an operating transfer in of \$335,982 was made from General Fund.

The Budget Stabilization Fund had revenues over expenditures of \$2,050 before a transfer in of \$100,000 from General Fund.

General Fund Budgetary Highlights

The General Fund adopted its budget prior to the fiscal year in accordance with Public Act 493 of 2000. Total budgeted appropriations exceeded actual expenditures in Zoning Inspections, Liquor Law and Environmental Funds. Immaterial amendments were made during the year to bring it closer to economic reality.

Capital Asset and Debt Administration

The governmental and proprietary funds did not acquire nor retire any capital assets during the year ended March 31, 2006.

The only long-term debt held by the Township resides with the Township's sole business-type fund, the Sewer Fund. These bonds were issued to finance the Township's connection to a local sewage treatment system. Total principal paid during the year was \$5,500 for the year ended March 31, 2006. These bonds mature in the year 2042.

Economic Conditions and Future Activities

The Township is anticipating a further drop in state revenue sharing for its general fund to continue into next year due to the declining economic environment.

Subsequent to end of the fiscal year, the voters of the Township approved a 1.0 mill public safety millage to fund the contracted police and fire protection services previously paid by the General Fund.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Charter Township of York at 11560 Stony Creek Road, Michigan 48160.

BASIC FINANCIAL
STATEMENTS

GOVERNMENT-WIDE
FINANCIAL
STATEMENTS

CHARTER TOWNSHIP OF YORK
STATEMENT OF NET ASSETS
MARCH 31, 2006

	Primary Government		
<u>ASSETS</u>	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 779,622	\$ 43,378	\$ 823,000
Receivables			
Taxes	36,469		36,469
Special assessments		148,050	148,050
State shared revenues	74,131		74,131
Accounts	53,345	8,889	62,234
Prepaid expenditures	25,149		25,149
Capital assets:			
Land	32,312	74,039	106,351
Buildings and improvements	657,042		657,042
Vehicles and equipment	49,239		49,239
Sewer systems		579,523	579,523
Less accumulated depreciation	(208,811)	(43,464)	(252,275)
Total assets	1,498,498	810,415	2,308,913
<u>LIABILITIES</u>			
LIABILITIES			
Accounts payable	27,667	8,073	35,740
Accrued wages	23,897		23,897
Bonds payable			
Current		5,500	5,500
Non-current		169,000	169,000
Total liabilities	51,564	182,573	234,137
<u>NET ASSETS</u>			
NET ASSETS			
Invested in capital assets, net of related debt	529,782	435,598	965,380
Unrestricted	917,152	192,244	1,109,396
Total net assets	\$ 1,446,934	\$ 627,842	\$ 2,074,776

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Contributions</u>
Governmental activities:			
General government	\$ (670,146)	\$ 455,403	\$
Fire protection	(214,242)	14,207	
Police protection	(267,219)	13,604	
Parks and recreation	(11,137)		
Library	(1,000)		
Public works	<u>(28,638)</u>		
Total government activities	<u>(1,192,382)</u>	<u>483,214</u>	
Business-type activities:			
Sewer system	<u>(30,912)</u>	<u>14,475</u>	
Total	<u>\$ (1,223,294)</u>	<u>\$ 497,689</u>	<u>\$</u>

General Revenues:

Property taxes
State shared revenues
Interest income
Cable franchise fees
Rental income
Other income

Total general revenues

Changes in net assets

Net assets, April 1, 2005

Net assets, March 31, 2006

The notes are an integral part of the financial statements.

Net (Expenses) Revenue
and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (214,743)	\$	\$ (214,743)
(200,035)		(200,035)
(253,615)		(253,615)
(11,137)		(11,137)
(1,000)		(1,000)
<u>(28,638)</u>		<u>(28,638)</u>
<u>(709,168)</u>		<u>(709,168)</u>
	(16,437)	(16,437)
<u>(709,168)</u>	<u>(16,437)</u>	<u>(725,605)</u>
619,373		619,373
452,353		452,353
21,135	9,829	30,964
28,256		28,256
18,000		18,000
<u>12,845</u>		<u>12,845</u>
<u>1,151,962</u>	<u>9,829</u>	<u>1,161,791</u>
442,794	(6,608)	436,186
<u>1,004,140</u>	<u>634,450</u>	<u>1,638,590</u>
<u>\$ 1,446,934</u>	<u>\$ 627,842</u>	<u>\$ 2,074,776</u>

FUND
FINANCIAL
STATEMENTS

CHARTER TOWNSHIP OF YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2006

	General Fund	Building Department Fund	Budget Stabilization Fund	Public Safety Fund
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 374,349	\$ 22,645	\$ 159,723	\$ 182,596
Accounts receivable - taxes	21,547			14,922
Accounts receivable - state shared	74,131			
Accounts receivable – Special assessment				
Accounts receivable - other	7,255			
Due from other funds	86,701			
Prepaid expenditures	25,149	_____	_____	_____
Total assets	\$ 589,132	\$ 22,645	\$ 159,723	\$ 197,518
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 17,036	\$ 1,739	\$	\$ 4,221
Accrued wages	15,159	8,621		108
Due to others	4,586			
Due to other funds	_____	38,591	_____	_____
Total liabilities	36,781	48,951		4,329
FUND BALANCE				
Unreserved				
Undesignated	552,351	(26,306)	159,723	193,189
Total liabilities and fund balance	\$ 589,132	\$ 22,645	\$ 159,723	\$ 197,518

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet	\$ 917,152
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:	
Historical cost	\$ 738,593
Depreciation	(208,811)
Capital assets, net of depreciation	529,782
Net assets of governmental activities	\$ 1,446,934

The notes are integral part of the financial statements.

Non-major Governmental Funds	Total
\$ 40,309	\$ 779,622
	36,469
	74,131
	7,255
	86,701
	<u>25,149</u>
<u>\$ 40,309</u>	<u>\$ 1,009,327</u>

\$ 85	\$ 23,081
9	23,897
	4,586
<u>2,020</u>	<u>40,611</u>
2,114	92,175
<u>38,195</u>	<u>917,152</u>
<u>\$ 40,309</u>	<u>\$ 1,009,327</u>

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	<u>General Fund</u>	<u>Building Department Fund</u>	<u>Budget Stabilization Fund</u>	<u>Public Safety Fund</u>
REVENUES				
Taxes	\$ 295,982	\$	\$	\$ 323,391
Administrative fee	103,074			
Cable TV fees	28,256			
State shared revenues	451,343			
Fire runs				14,207
Planning department professional fees	211,122			
License and permits		119,531		
Summer tax levy	15,710			
Metro act	5,966			
Interest income	16,725	37	2,050	1,070
Court fees	13,604			
Rent	18,000			
Other income	<u>12,845</u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>1,172,627</u>	<u>119,568</u>	<u>2,050</u>	<u>338,668</u>
EXPENDITURES				
General government	506,179			
Parks and recreation	11,137			
Library	1,000			
Roads	28,638			
Building department		140,283		
Public safety - fire				214,242
Public safety - police				267,219
Liquor law				
Environmental	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>546,954</u>	<u>140,283</u>	<u> </u>	<u>481,461</u>
Excess (deficiency) of revenues over (under) expenditures	625,673	(20,715)	2,050	(142,793)
OTHER FINANCING SOURCES (USES)				
Transfers in			100,000	335,982
Transfers (out)	<u>(435,982)</u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	<u>(435,982)</u>	<u> </u>	<u>100,000</u>	<u>335,982</u>
Net change in fund balance	189,691	(20,715)	102,050	193,189
FUND BALANCE (DEFICIT), APRIL 1, 2005	<u>362,660</u>	<u>(5,591)</u>	<u>57,673</u>	<u> </u>
FUND BALANCE (DEFICIT), MARCH 31, 2006	<u>\$ 552,351</u>	<u>\$ (26,306)</u>	<u>\$ 159,723</u>	<u>\$ 193,189</u>

The notes are an integral part of the financial statements.

Non-major Governmental Funds	<u>Total</u>
\$	\$ 619,373
	103,074
	28,256
1,010	452,353
	14,207
	211,122
	119,531
	15,710
	5,966
1,253	21,135
	13,604
	18,000
<u> </u>	<u>12,845</u>
<u>2,263</u>	<u>1,635,176</u>
	506,179
	11,137
	1,000
	28,638
	140,283
	214,242
	267,219
1,063	1,063
<u>1,597</u>	<u>1,597</u>
<u>2,660</u>	<u>1,171,358</u>
(397)	463,818
<u> </u>	435,982
<u> </u>	<u>(435,982)</u>
<u> </u>	<u> </u>
(397)	463,818
<u>38,592</u>	<u>453,334</u>
<u>\$ 38,195</u>	<u>\$ 917,152</u>

CHARTER TOWNSHIP OF YORK
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ 463,818
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:	
Depreciation expense	<u>(21,024)</u>
Change in net assets of governmental activities	<u>\$ 442,794</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUND
MARCH 31, 2006

		Sewer Fund
<u>ASSETS</u>		
ASSETS		
Cash and cash equivalents		\$ 43,378
Receivables		
Accounts		8,889
Special assessments		148,050
Capital assets		
Land	\$ 74,039	
Sewer system	<u>579,523</u>	
Net	653,562	
Less accumulated depreciation	<u>(43,464)</u>	
Capital assets, net		<u>610,098</u>
Total assets		<u>810,415</u>
<u>LIABILITIES</u>		
LIABILITIES		
Accounts payable		1,488
Due to other funds		6,585
Bonds payable		
Current		5,500
Non-current		<u>169,000</u>
Total liabilities		<u>182,573</u>
<u>NET ASSETS</u>		
NET ASSETS		
Invested in capital assets net of related debt		435,598
Unrestricted		<u>192,244</u>
Total net assets		<u>\$ 627,842</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2006

OPERATING REVENUES	
Sewer connection fees	\$ 220
Sewer billings	<u>14,255</u>
Total operating revenues	14,475
OPERATING EXPENSES	
Sewer usage	3,365
Depreciation	14,488
Insurance	1,426
Audit fees	1,500
Legal fees	189
Repair and maintenance	170
Operating supplies	53
Utilities	<u>1,745</u>
Total operating expenses	<u>22,936</u>
Operating (loss)	(8,461)
NON-OPERATING REVENUES AND (EXPENSES)	
Interest income - operations	1,037
Interest income - assessments	8,792
Interest expense - debt	<u>(7,976)</u>
Total non-operating revenues and (expenses)	<u>1,853</u>
Net (loss)	(6,608)
NET ASSETS, APRIL 1, 2005	<u>634,450</u>
NET ASSETS, MARCH 31, 2006	<u><u>\$ 627,842</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2006

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Cash from users	\$ 13,651	
Cash paid to vendors	<u>(8,379)</u>	
Net cash from operating activities		\$ 5,272
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
Special assessment - collections	23,773	
Payment of principal on bonds	(5,500)	
Interest paid	<u>(7,976)</u>	
Net cash from capital and related financing activities		10,297
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on operating funds		<u>1,037</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,606
CASH AND CASH EQUIVALENTS, APRIL 1 2005		<u>26,772</u>
CASH AND CASH EQUIVALENTS, MARCH 31, 2006		<u>\$ 43,378</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating (loss)		\$ (8,461)
Adjustments to reconcile operating income to net cash from (used in) operating activities:		
Depreciation expense	\$ 14,488	
Changes in assets and liabilities		
(Increase) in accounts receivable	(824)	
Increase in accounts payable	<u>69</u>	
Total adjustments		<u>13,733</u>
Net cash from operating activities		<u>\$ 5,272</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MARCH 31, 2006

		<u>Trust and Agency Fund</u>	<u>Current Tax Fund</u>	<u>Totals</u>
	<u>ASSETS</u>			
ASSETS				
Cash and equivalents		\$ 89,541	\$ 10,928	\$ 100,469
Due from others		<u> </u>	<u>700</u>	<u>700</u>
Total assets		<u>\$ 89,541</u>	<u>\$ 11,628</u>	<u>\$ 101,169</u>
	<u>LIABILITIES</u>			
LIABILITIES				
Due to others		\$ 61,608	\$ 56	\$ 61,664
Due to other funds		<u>27,933</u>	<u>11,572</u>	<u>39,505</u>
Total liabilities		<u>\$ 89,541</u>	<u>\$ 11,628</u>	<u>\$ 101,169</u>

The notes are an integral part of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds, are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Building Department Fund accounts for the operations of the Township's building department. This fund's primary support is derived from revenues for licenses and permits issued.

The Public Safety Fund accounts for the contracts with Milan and Saline Fire. The funds primary support is derived from tax revenue.

The Budget Stabilization Fund accounts for an amount of General Fund fund balance transferred in.

The Township reports the following major enterprise fund:

The Sewer Fund accounts for the activities associated with operating the Township's residents connection to an area sewage treatment facility.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Enterprise funds account for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Township has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 30, 1989.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs. The Township currently maintains an agency fund to account for the monies collected and paid on behalf of developer's escrow accounts.

C. REPORTING ENTITY

In accordance with the provisions of Government Accounting Standards Board (GASB) Statement No. 39, certain other governmental organizations may be considered to be part of the reporting entity for financial statement purposes. The criteria established by GASB Statement No. 39 for the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibilities and financial accountability.

In this regard, there are no other governmental organizations associated with the Township subject of the above criteria nor are there any other governmental organizations in existence. All funds and account groups of the reporting entity are included in the general purpose financial statements as presented.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000) and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property are considered capital assets regardless of initial cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 50 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

E. BUDGETS AND BUDGETARY ACCOUNTING

In accordance with the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan, the Township annually adopts budgets on the modified accrual basis of accounting for all of the governmental fund types at the department level for the General Fund, and the fund level for the Special Revenue Funds. This is consistent with generally accepted accounting principles.

The Township adopts its budget by functional activity which is the level of classification detail at which expenditures may not legally exceed appropriations.

For the year ended March 31, 2006, expenditures exceeded appropriations in several functional activities. The Township adopted a budget with an anticipated deficit in the Building Department Fund. This is a violation of Public Act 493 of 2000.

F. DEPOSITS AND INVESTMENTS

The Township's cash and cash equivalents are considered to be demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit union, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, bankers acceptances, and mutual funds composed of other wise legal investments.

Investments are stated at fair value.

G. RECEIVABLES

All receivables are reported at their net value by being reduced, where appropriate, by the estimated portion that is expected to be uncollectible.

H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or serviced rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

I. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond March 31, 2006, are recorded as prepaid expenditures.

J. PROPERTY TAXES

The Township property tax is levied each December 1 on the assessed valuation of property located in the Township as of the preceding December 31, the lien date. Real and personal property in the Charter Township of York for the 2005 levy had a taxable value of \$327,265,700. The Township's general operating tax rate for the fiscal year was .8666 mills and the Public Safety tax rate was .9887 mills.

K. ACCRUED COMPENSATED ABSENCES

All Township employees are working on a part-time basis and, therefore, no sick time or vacation time benefits are paid to the employees.

L. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

M. PERSONAL PROPERTY TAX ASSESSMENTS AND APPEALS

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The State Tax Commission has indicated that it plans to reformulate the multipliers. The State Tax Tribunal has informally indicated that once the new multipliers are approved, it may allow them to be applied retroactively in pending personal property tax appeals.

N. RISK MANAGEMENT

The Township is exposed to various risks of loss pertaining to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for these claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

O. CAPITALIZATION OF INTEREST

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets.

P. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and Michigan Single Business Tax.

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations to the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township maintains an imprest petty cash account in the amount of \$200.

CHARTER TOWNSHIP OF YORK
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2006

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS - continued

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 280,333	\$ 280,333
Uninsured and uncollateralized	<u>643,134</u>	<u>689,393</u>
Total deposits	<u>\$ 923,467</u>	<u>\$ 969,726</u>

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 86,701	\$
Sewer		6,585
Building department		38,591
Environmental protection		1,994
Cemetery trust		26
Current tax collection		11,572
Trust and agency		<u>27,933</u>
Totals	<u>\$ 86,701</u>	<u>\$ 86,701</u>

CHARTER TOWNSHIP OF YORK
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2006

NOTE 4 - OTHER FINANCING SOURCES (USES)

The transfers of cash between the various funds are budgeted and reported separate from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund. The Township also records all proceeds from the issuance of debt instruments as other financing sources.

NOTE 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

<u>Governmental Funds</u>	<u>Balance 4/1/05</u>	<u>Addition</u>	<u>Decrease</u>	<u>Balance 3/31/06</u>
Township hall				
Building	\$ 624,707	\$	\$	\$ 624,707
Land	32,312			32,312
Office equipment	49,239			49,239
Land improvement	<u>32,335</u>			<u>32,335</u>
Total governmental fund fixed assets	738,593			738,593
Less accumulated depreciation	<u>(187,787)</u>	<u>(21,024)</u>		<u>(208,811)</u>
Net book value	<u>\$ 550,806</u>	<u>\$ (21,024)</u>	<u>\$</u>	<u>\$ 529,782</u>

A summary of changes in the proprietary fund fixed assets is as follows:

	<u>Balance 4/1/05</u>	<u>Addition</u>	<u>Decrease</u>	<u>Balance 3/31/06</u>
ASSETS				
Sewer systems	\$ 579,523	\$	\$	\$ 579,523
Land	<u>74,039</u>			<u>74,039</u>
Total proprietary fund fixed assets	653,562			653,562
Less accumulated depreciation	<u>(28,976)</u>	<u>(14,488)</u>		<u>(43,464)</u>
Net book value	<u>\$ 624,586</u>	<u>\$ (14,488)</u>	<u>\$</u>	<u>\$ 610,098</u>

All depreciation is booked in the general government expense portion of the Statement of Activities.

CHARTER TOWNSHIP OF YORK
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2006

NOTE 6 - LONG-TERM OBLIGATIONS

The principal long-term obligations of the Township are special assessment bonds issued to finance the construction of the sewer system upgrade. Interest is charged at 4.5% with principle payments due annually and interest semi-annually until its maturity in 2042.

The Township's long-term obligations as of March 31, 2006 and transactions during the year then ended, are as follows:

	<u>Balance 4/1/05</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance 3/31/06</u>
<u>Enterprise Funds</u>				
2002 Sewer Special Assessment limited tax bonds	\$ 180,000	\$	\$ 5,500	\$ 174,500

The following is a schedule of principal and interest payments to service the long-term obligations of the Township:

	<u>Bonds Payable Enterprise Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2006 - 2007	\$ 5,500	\$ 7,729
2007 - 2008	5,500	7,482
2008 - 2009	5,500	7,234
2009 - 2010	5,500	6,986
2010 - 2011	5,500	6,739
2011 - 2016	27,500	29,983
2016 - 2021	27,500	23,795
2021 - 2026	22,500	18,170
2026 - 2031	22,500	13,108
2031 - 2036	22,500	8,045
2036 - 2041	17,500	3,545
2041 - 2043	<u>7,000</u>	<u>316</u>
Total borrowings	<u>\$ 174,500</u>	<u>\$ 133,132</u>

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 7 - JOINT VENTURES

Since 1984, the Township has participated in joint ventures with both the Saline and Milan Area Fire Departments, who provide fire protection services to Township residents. The participating entities annually contribute sufficient resources to cover anticipated expenditures, which include operations and fire runs.

Complete financial statements for each joint venture may be obtained at their respective administrative offices.

NOTE 8 - STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The indirect method was utilized to present cash flows from operations. The following summarizes beginning and ending cash and cash equivalents:

	<u>April 1, 2005</u>	<u>March 31, 2006</u>
Cash and cash equivalents	\$ <u>10,673</u>	\$ <u>43,378</u>

NOTE 9 - DEFICIT ELIMINATION PLAN

A deficit remained in the Building Department Fund for the year ended March 31, 2006. A deficit elimination plan will be filed with the State of Michigan detailing the Township's plan to remedy the deficits in this fund.

NOTE 10 - FEDERAL GRANT ACTIVITIES

The Charter Township of York is the recipient of a utilities services grant. According to the terms of the grant, federal funds must be used to improve/develop the Township's sewer system. The grant received is subject to financial and compliance audits by the grantors or their representatives. The audit for the year ended March 31, 2006 has not yet been completed and is subject to review.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 11 - EMPLOYEE RETIREMENT PLAN

The Township participates in a Lincoln Mutual Life Defined Contribution Retirement Plan. This is a single-employer plan. All full-time employees of the Township. The Township contributes 4.0% of participant's compensation, while an employee may elect to defer compensation up to 25%. Annual compensation used to determine the current year contribution is as of April 1, preceding the year. Contribution information is as follows:

TOTAL COVERED PAYROLL	<u>\$ 47,600</u>
EMPLOYER CONTRIBUTIONS	<u>\$ 1,904</u>
EMPLOYEE CONTRIBUTIONS	<u>\$ 2,856</u>

These balances reflect contributions for the period from April 1, 2005 to March 31, 2006.

REQUIRED
SUPPLEMENTARY
INFORMATION

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budgets</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
REVENUES				
Taxes	\$ 314,000	\$ 293,951	\$ 295,982	\$ 2,031
Administration fee	92,000	92,000	103,074	11,074
Cable TV fees	17,000	27,000	28,256	1,256
State shared revenues	450,194	450,194	451,343	1,149
Planning department professional fees	56,730	110,730	211,122	100,392
Summer tax levy	15,000	15,000	15,710	710
Metro act fees	5,000	5,000	5,966	966
Interest income	250	250	16,725	16,475
Court fees	9,000	9,000	13,604	4,604
Rent	24,000	24,000	18,000	(6,000)
Other income	2,875	2,875	12,845	9,970
Parks grant reimbursement	<u>20,000</u>	<u>20,000</u>	<u> </u>	<u>(20,000)</u>
Total revenues	1,006,049	1,050,000	1,172,627	122,627
EXPENDITURES	<u>587,507</u>	<u>587,507</u>	<u>546,954</u>	<u>40,553</u>
Excess (deficiency) of revenues over (under) expenditures	418,542	462,493	625,673	163,180
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(263,542)</u>	<u>(465,000)</u>	<u>(435,982)</u>	<u>29,018</u>
Net change in fund balance	155,000	(2,507)	189,691	192,198
FUND BALANCE, APRIL 1, 2005	<u>362,660</u>	<u>362,660</u>	<u>362,660</u>	<u> </u>
FUND BALANCE, MARCH 31, 2006	<u>\$ 517,660</u>	<u>\$ 360,153</u>	<u>\$ 552,351</u>	<u>\$ 192,198</u>

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY FUND
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budgets</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$	\$	\$ 323,391	\$
Fire runs			14,207	
Interest income			<u>1,070</u>	
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>338,668</u>	<u>(11,332)</u>
EXPENDITURES				
Crime control and investigation			267,219	
Milan fire			100,599	
Saline fire			<u>113,643</u>	
Total expenditures	<u>513,542</u>	<u>513,542</u>	<u>481,461</u>	<u>32,081</u>
Excess (deficiency) of revenues over (under) expenditures	(163,542)	(163,542)	(142,793)	20,749
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>163,542</u>	<u>365,000</u>	<u>335,982</u>	<u>(29,018)</u>
Net change in fund balance		201,458	193,189	(8,269)
FUND BALANCE, APRIL 1, 2005				
FUND BALANCE, MARCH 31, 2006	<u>\$</u>	<u>\$ 201,458</u>	<u>\$ 193,189</u>	<u>\$ (8,269)</u>

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING DEPARTMENT FUND
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budgets</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Building permits	\$	\$	\$ 117,301	\$
Registration fees			2,230	
Interest income			<u>37</u>	
Total revenues	<u>175,800</u>	<u>175,800</u>	<u>119,568</u>	<u>(56,232)</u>
EXPENDITURES				
Salaries			102,128	
Payroll taxes			7,738	
Retirement			1,904	
Health insurance			5,553	
Rent			18,000	
Supplies			2,034	
Miscellaneous			113	
Travel and education			<u>2,813</u>	
Total expenditures	<u>175,437</u>	<u>175,437</u>	<u>140,283</u>	<u>35,154</u>
Excess (deficiency) of revenues over (under) expenditures	363	363	(20,715)	(21,078)
FUND BALANCE (DEFICIT), APRIL 1, 2005	<u>(5,591)</u>	<u>(5,591)</u>	<u>(5,591)</u>	
FUND BALANCE, (DEFICIT), MARCH 31, 2006	<u>\$ (5,228)</u>	<u>\$ (5,228)</u>	<u>\$ (26,306)</u>	<u>\$ (21,078)</u>

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET STABILIZATION FUND
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budgets</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 887	\$ 887	\$ 2,050	\$ 1,163
EXPENDITURES				
Excess (deficiency) of revenues over (under) expenditures	887	887	2,050	1,163
OTHER FINANCING (USES)				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	
Net change in fund balance	100,887	100,887	102,050	1,163
FUND BALANCE, APRIL 1, 2005	<u>57,673</u>	<u>57,673</u>	<u>57,673</u>	
FUND BALANCE, MARCH 31, 2006	<u>\$ 158,560</u>	<u>\$ 158,560</u>	<u>\$ 159,723</u>	<u>\$ 1,163</u>

SUPPLEMENTARY
INFORMATION

COMBINING
FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF YORK
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 MARCH 31, 2006

	Building Department Fund	Liquor Law Fund	Environmental Protection Fund
<u>ASSETS</u>			
ASSETS			
Cash and equivalents	\$ 22,645	\$ 1,149	\$ 37,975
Accounts receivable taxes			
Total assets	\$ 22,645	\$ 1,149	\$ 37,975
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 1,739	\$ 85	\$
Accrued expenses	8,621		
Due to other funds	38,591		1,994
Total liabilities	48,951	85	1,994
FUND BALANCE (DEFICIT)	(26,306)	1,064	35,981
Total liabilities and fund equity (deficit)	\$ 22,645	\$ 1,149	\$ 37,975

<u>Public Safety Fund</u>	<u>Budget Stabilization Fund</u>	<u>Cemetery Trust Fund</u>	<u>Totals</u>
\$ 182,596	\$ 159,723	\$ 1,185	\$ 405,273
<u>14,922</u>			<u>14,922</u>
<u>\$ 197,518</u>	<u>\$ 159,723</u>	<u>\$ 1,185</u>	<u>\$ 420,195</u>
\$ 4,221	\$	\$	\$ 6,045
108		9	8,738
<u> </u>		<u>26</u>	<u>40,611</u>
4,329		35	55,394
<u>193,189</u>	<u>159,723</u>	<u>1,150</u>	<u>364,801</u>
<u>\$ 197,518</u>	<u>\$ 159,723</u>	<u>\$ 1,185</u>	<u>\$ 420,195</u>

CHARTER TOWNSHIP OF YORK
 COMBINING BALANCE SHEET
 ALL AGENCY FUNDS
 MARCH 31, 2006

		<u>Trust and Agency Fund</u>	<u>Current Tax Fund</u>	<u>Totals</u>
	<u>ASSETS</u>			
ASSETS				
Cash and equivalents		\$ 89,541	\$ 10,928	\$ 100,469
Due from others		<u> </u>	<u> 700</u>	<u> 700</u>
Total assets		<u>\$ 89,541</u>	<u>\$ 11,628</u>	<u>\$ 101,169</u>
	<u>LIABILITIES</u>			
LIABILITIES				
Due to others		\$ 61,608	\$ 56	\$ 61,664
Due to other funds		<u>27,933</u>	<u>11,572</u>	<u>39,505</u>
Total liabilities		<u>\$ 89,541</u>	<u>\$ 11,628</u>	<u>\$ 101,169</u>

CHARTER TOWNSHIP OF YORK
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED MARCH 31, 2006

	<u>Building Department Fund</u>	<u>Liquor Law Fund</u>	<u>Environmental Protection Fund</u>	<u>Budget Stabilization Fund</u>
REVENUES				
Taxes	\$	\$	\$	\$
Licenses, permits, fire funds	119,531	1,010		
Interest income	<u>37</u>	<u>7</u>	<u>1,246</u>	<u>2,050</u>
Total revenues	<u>119,568</u>	<u>1,017</u>	<u>1,246</u>	<u>2,050</u>
EXPENDITURES				
Building department	140,283			
Liquor law		1,063		
Environmental			1,597	
Public safety	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>140,283</u>	<u>1,063</u>	<u>1,597</u>	<u> </u>
Excess (deficiency) of revenues over (under) before expenditures	(20,715)	(46)	(351)	2,050
OTHER FINANCING SOURCES (USES)				
Transfer in	<u> </u>	<u> </u>	<u> </u>	<u>100,000</u>
Net change in fund balance	(20,715)	(46)	(351)	102,050
FUND BALANCE (DEFICIT), APRIL 1, 2005	<u>(5,591)</u>	<u>1,110</u>	<u>36,332</u>	<u>57,673</u>
FUND BALANCE (DEFICIT), MARCH 31, 2006	<u>\$ (26,306)</u>	<u>\$ 1,064</u>	<u>\$ 35,981</u>	<u>\$ 159,723</u>

<u>Public Safety Fund</u>	<u>Cemetery Trust</u>	<u>Totals</u>
\$ 323,391	\$	\$ 323,391
14,207		134,748
<u>1,070</u>	<u> </u>	<u>4,410</u>
<u>338,668</u>	<u> </u>	<u>462,549</u>
		140,283
		1,063
		1,597
<u>481,461</u>	<u> </u>	<u>481,461</u>
<u>481,461</u>	<u> </u>	<u>624,404</u>
(142,793)		(161,855)
<u>335,982</u>	<u> </u>	<u>435,982</u>
193,189		274,127
<u> </u>	<u>1,150</u>	<u>90,674</u>
<u>\$ 193,189</u>	<u>\$ 1,150</u>	<u>\$ 364,801</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

CHARTER TOWNSHIP OF YORK
GENERAL FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS

Cash and equivalents	\$ 374,349	
Accounts receivable - taxes	21,547	
Accounts receivable - state shared revenues	74,131	
Due from others	7,255	
Prepaid expenditures	25,149	
Due from other funds	<u>86,701</u>	
Total assets		<u>\$ 589,132</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 17,036	
Accrued wages	15,159	
Due to others	<u>4,586</u>	
Total liabilities		\$ 36,781

FUND BALANCE

Unreserved		
Undesignated		<u>552,351</u>
Total liabilities and fund balance		<u>\$ 589,132</u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 293,951	\$ 295,982	\$ 2,031
Administration fee	92,000	103,074	11,074
Cable TV fees	27,000	28,256	1,256
State shared revenues	450,194	451,343	1,149
Planning department professional fees	110,730	211,122	100,392
Summer tax levy	15,000	15,710	710
Metro act fees	5,000	5,966	966
Interest income	250	16,725	16,475
Court fees	9,000	13,604	4,604
Rent	24,000	18,000	(6,000)
Other income	2,875	12,845	9,970
Parks grant reimburse	<u>20,000</u>	<u> </u>	<u>(20,000)</u>
Total revenues	1,050,000	1,172,627	122,627
EXPENDITURES	<u>587,507</u>	<u>546,954</u>	<u>40,553</u>
Excess (deficiency) of revenues over (under) expenditures	462,493	625,673	163,180
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(465,000)</u>	<u>(435,982)</u>	<u>29,018</u>
Net change in fund balance	(2,507)	189,691	192,198
FUND BALANCE, APRIL 1, 2005	<u>362,660</u>	<u>362,660</u>	<u> </u>
FUND BALANCE, MARCH 31, 2006	<u>\$ 360,153</u>	<u>\$ 552,351</u>	<u>\$ 192,198</u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP BOARD			
Salaries	\$	\$ 7,000	\$
Assistant wages		10,188	
Payroll taxes		1,315	
Office supplies/postage		200	
Audit fees		9,500	
Legal fees		73,779	
Printing and publishing		3,537	
Equipment rental		6,052	
Memberships and dues		5,141	
Miscellaneous		2,100	
Equipment purchases		<u>1,500</u>	
Total	<u>123,103</u>	<u>120,312</u>	<u>2,791</u>
TOWNSHIP SUPERVISOR			
Salary		30,000	
Supplies		454	
Payroll taxes		<u>2,295</u>	
Total	<u>35,500</u>	<u>32,749</u>	<u>2,751</u>
ELECTIONS			
Salary		1,708	
Equipment		229	
Payroll taxes		21	
Supplies		821	
Printing and publishing		<u>48</u>	
Total	<u>3,585</u>	<u>2,837</u>	<u>748</u>
ASSESSOR			
Wages		38,508	
Payroll taxes		2,946	
Supplies		3,128	
Travel		505	
Miscellaneous		<u>433</u>	
Total	<u>45,650</u>	<u>45,520</u>	<u>130</u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP CLERK			
Salary		34,000	
Deputy salary		12,360	
Data entry		698	
Payroll taxes		3,590	
Operating supplies		1,726	
Outside services		2,252	
Travel		243	
Total	<u>54,972</u>	<u>54,869</u>	<u>103</u>
BOARD OF REVIEW			
Salaries		1,800	
Payroll taxes		138	
Operating supplies		134	
Printing and publishing		110	
Total	<u>2,265</u>	<u>2,182</u>	<u>83</u>
TOWNSHIP TREASURER			
Salary		30,000	
Deputy salary		11,124	
Payroll taxes		3,146	
Operating supplies		4,572	
Travel		222	
Total	<u>49,775</u>	<u>49,064</u>	<u>711</u>
BUILDINGS AND GROUNDS			
Contract services		3,210	
Operating supplies		3,980	
Telephone		5,719	
Utilities		12,963	
Equipment		22,392	
Repairs and maintenance		8,953	
Total	<u>60,000</u>	<u>57,217</u>	<u>2,783</u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
CEMETERY UPKEEP	<u>8,500</u>	<u>8,125</u>	<u>375</u>
DEVELOPMENTAL			
Engineering consultant		24,182	
Planning consultant		15,763	
Miscellaneous		<u>1,615</u>	
Total	<u>43,000</u>	<u>41,560</u>	<u>1,440</u>
ZONING INSPECTION			
Salaries		25,631	
Payroll taxes		1,961	
Supplies		160	
Travel and education		<u>1,505</u>	
Total	<u>28,202</u>	<u>29,257</u>	<u>(1,055)</u>
PLANNING COMMISSION			
Salaries		13,065	
Payroll taxes		999	
Operating supplies		530	
Travel		65	
Printing and publishing		5,721	
Professional fees - planning		<u>1,300</u>	
Total	<u>30,325</u>	<u>21,680</u>	<u>8,645</u>
ZONING BOARD OF APPEALS			
Per diems		760	
Payroll taxes		58	
Operating supplies		8	
Printing and publishing		<u>76</u>	
Total	<u>3,830</u>	<u>902</u>	<u>2,928</u>
DRAINS			
Repairs and maintenance	<u>8,000</u>	<u>7,828</u>	<u>172</u>
ROADS			
Roads	<u>29,000</u>	<u>28,638</u>	<u>362</u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
PARKS AND RECREATION			
Parks	<u>6,650</u>	<u>3,705</u>	<u>2,945</u>
PARKS GRANTS	<u>20,000</u>	<u>7,432</u>	<u>12,568</u>
HISTORICAL SOCIETY	<u>150</u>	<u> </u>	<u>150</u>
LIBRARY			
Library contribution	<u>1,000</u>	<u>1,000</u>	<u> </u>
UNALLOCATED			
Insurance	<u>34,000</u>	<u>32,077</u>	<u>1,923</u>
Total expenditures	<u>\$ 587,507</u>	<u>\$ 546,954</u>	<u>\$ 40,553</u>

BUILDING
DEPARTMENT
FUND

CHARTER TOWNSHIP OF YORK
BUILDING DEPARTMENT FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS

Cash and equivalents

\$ 22,645

LIABILITIES AND FUND BALANCE (DEFICIT)

LIABILITIES

Accounts payable

\$ 1,739

Accrued wages

8,621

Due to other funds

38,591

Total liabilities

\$ 48,951

FUND BALANCE

(26,306)

Total liabilities and fund balance

\$ 22,645

CHARTER TOWNSHIP OF YORK
BUILDING DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Building permits	\$	\$ 117,301	\$
Registration fees		2,230	
Interest income		<u>37</u>	
Total revenues	<u>175,800</u>	<u>119,568</u>	<u>(56,232)</u>
EXPENDITURES			
Salaries		102,128	
Payroll taxes		7,738	
Retirement		1,904	
Health insurance		5,553	
Rent		18,000	
Supplies		2,034	
Miscellaneous		113	
Travel and education		<u>2,813</u>	
Total expenditures	<u>175,437</u>	<u>140,283</u>	<u>35,154</u>
Excess (deficiency) of revenues over (under) expenditures	363	(20,715)	(21,078)
FUND BALANCE (DEFICIT), APRIL 1, 2005	<u>(5,591)</u>	<u>(5,591)</u>	
FUND BALANCE (DEFICIT), MARCH 31, 2006	<u>\$ (5,228)</u>	<u>\$ (26,306)</u>	<u>\$ (21,078)</u>

LIQUOR
LAW
FUND

CHARTER TOWNSHIP OF YORK
LIQUOR LAW FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS

Cash

\$ 1,149

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 85

FUND BALANCE

1,064

Total liabilities and fund balance

\$ 1,149

CHARTER TOWNSHIP OF YORK
LIQUOR LAW FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State sharing	\$	\$ 1,010	\$
Interest		7	
Total revenues	1,105	1,017	(88)
EXPENDITURES			
Contracted services	1,020	1,020	
Miscellaneous		43	
Total expenditures	1,020	1,063	(43)
Excess (deficiency) of revenues over (under) expenditures	85	(46)	(131)
FUND BALANCE, APRIL 1, 2005	1,110	1,110	
FUND BALANCE, MARCH 31, 2006	\$ 1,195	\$ 1,064	\$ (131)

ENVIRONMENTAL
PROTECTION
FUND

CHARTER TOWNSHIP OF YORK
ENVIRONMENTAL PROTECTION FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS

Cash and equivalents

\$ 37,975

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds

\$ 1,994

FUND BALANCE

35,981

Total liabilities and fund balance

\$ 37,975

CHARTER TOWNSHIP OF YORK
ENVIRONMENTAL PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ <u>300</u>	\$ <u>1,246</u>	\$ <u>946</u>
EXPENDITURES			
Miscellaneous	<u>1,375</u>	<u>1,597</u>	<u>(222)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,075)	(351)	724
FUND BALANCE, APRIL 1, 2005	<u>36,332</u>	<u>36,332</u>	<u> </u>
FUND BALANCE, MARCH 31, 2006	<u>\$ 35,257</u>	<u>\$ 35,981</u>	<u>\$ 724</u>

PUBLIC SAFETY
FUND

CHARTER TOWNSHIP OF YORK
PUBLIC SAFETY FUND
MARCH 31, 2006

ASSETS

ASSETS

Cash and equivalents	\$ 182,596	
Accounts receivable - taxes	<u>14,922</u>	

Total assets		<u>\$ 197,518</u>
--------------	--	-------------------

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 4,221	
Accrued wages	<u>108</u>	

Total liabilities		\$ 4,329
-------------------	--	----------

FUND BALANCE

	<u>193,189</u>
--	----------------

Total liabilities and fund balance		<u>\$ 197,518</u>
------------------------------------	--	-------------------

CHARTER TOWNSHIP OF YORK
PUBLIC SAFETY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$	\$ 323,391	\$
Fire runs		14,207	
Interest income		1,070	
Total revenues	350,000	338,668	(11,332)
EXPENDITURES			
Crime control and investigation		267,219	
Milan fire		100,599	
Saline fire		113,643	
Total expenditures	513,542	481,461	32,081
Excess (deficiency) of revenues over (under) expenditures	(163,542)	(142,793)	20,749
OTHER FINANCING SOURCES (USES)			
Transfer in	365,000	335,982	(29,018)
Net change in fund balance	201,458	193,189	(8,269)
FUND BALANCE, APRIL 1, 2005			
FUND BALANCE, MARCH 31, 2006	\$ 201,458	\$ 193,189	\$ (8,269)

BUDGET
STABILIZATION
FUND

CHARTER TOWNSHIP OF YORK
BUDGET STABILIZATION FUND
BALANCE SHEET
MARCH 31, 2006

	<u>ASSETS</u>	
ASSETS		
Cash		<u>\$ 159,723</u>
	<u>FUND BALANCE</u>	
FUND BALANCE		<u>\$ 159,723</u>

CHARTER TOWNSHIP OF YORK
 BUDGET STABILIZATION FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$ 887	\$ 2,050	\$ 1,163
EXPENDITURES			
Excess (deficiency) of revenues over (under) expenditures	887	2,050	1,163
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>100,000</u>	<u>100,000</u>	
Net change in fund balance	100,887	102,050	1,163
FUND BALANCE, APRIL 1, 2005	<u>57,673</u>	<u>57,673</u>	
FUND BALANCE, MARCH 31, 2006	<u>\$ 158,560</u>	<u>\$ 159,723</u>	<u>\$ 1,163</u>

CEMETARY
TRUST
FUND

CHARTER TOWNSHIP OF YORK
CEMETERY TRUST FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS
Cash

\$ 1,185

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds
Due to others

\$ 26
9

Total liabilities

\$ 35

FUND BALANCE

1,150

Total liabilities and fund balance

\$ 1,185

CHARTER TOWNSHIP OF YORK
 CEMETERY TRUST FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$ 15	\$	\$ (15)
EXPENDITURES			
Maintenance	_____	_____	_____
Excess (deficiency) of revenues over (under) expenditures	15		(15)
FUND BALANCE, APRIL 1, 2005	<u>1,150</u>	<u>1,150</u>	_____
FUND BALANCE, MARCH 31, 2006	<u>\$ 1,165</u>	<u>\$ 1,150</u>	<u>\$ (15)</u>

SEWER FUND

CHARTER TOWNSHIP OF YORK
SEWER FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

CURRENT ASSETS

Cash and equivalents	\$	43,378
Accounts receivable billings		4,211
Special assessment receivable		148,050
Due from county		<u>4,678</u>

Total current assets \$ 200,317

PROPERTY, PLANT, EQUIPMENT AND
CONSTRUCTION IN PROGRESS

Land		74,039
Sewer system		<u>579,523</u>
		653,562
Less accumulated depreciation		<u>(43,464)</u>

Net property, plant and equipment 610,098

Total assets \$ 810,415

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$	1,488
Due to other funds		6,585
Bonds payable		<u>174,500</u>

Total liabilities \$ 182,573

FUND EQUITY

Retained earnings unreserved		<u>627,842</u>
------------------------------	--	----------------

Total liabilities and fund equity \$ 810,415

CHARTER TOWNSHIP OF YORK
SEWER FUND
STATEMENT OF CHANGES IN FUND EQUITY
FOR THE YEAR ENDED MARCH 31, 2006

	<u>RETAINED EARNINGS UNRESERVED</u>
BALANCES AT APRIL 1, 2005	\$ 634,450
Interest income	9,829
Operating (loss)	(8,461)
Interest expense - bonds	<u>(7,976)</u>
BALANCES AT MARCH 31, 2006	<u>\$ 627,842</u>

CHARTER TOWNSHIP OF YORK
SEWER FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2006

OPERATING REVENUES		
Sewer connection fees	\$ 220	
Sewer billings	<u>14,255</u>	
Total operating revenues		\$ 14,475
OPERATING EXPENSES		
Sewer usage	3,365	
Depreciation	14,488	
Insurance	1,426	
Audit fees	1,500	
Legal fees	189	
Repairs and maintenance	170	
Operating supplies	53	
Utilities	<u>1,745</u>	
Total operating expenses		<u>22,936</u>
Operating (loss)		(8,461)
NON-OPERATING REVENUES AND (EXPENSES)		
Interest income - operations	1,037	
Interest income - assessments	8,792	
Interest expense - debt	<u>(7,976)</u>	
Total non-operating revenues and (expenses)		<u>1,853</u>
Net (loss)		<u>\$ (6,608)</u>

CHARTER TOWNSHIP OF YORK
SEWER FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2006

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Operating (loss)		\$ (8,461)
Adjustments to reconcile operating (loss) to net cash from (used in) operating activities:		
Depreciation expense	\$ 14,488	
Changes in assets and liabilities		
(Increase) in accounts receivable	(824)	
Increase in accounts payable	<u>69</u>	
Total adjustments		<u>13,733</u>
Net cash from operating activities		5,272
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
Special assessment - collections	23,773	
Payment of principal on bonds	(5,500)	
Interest paid	<u>(7,976)</u>	
Net cash from capital and related financing activities		10,297
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on operating funds		<u>1,037</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,606
CASH AND CASH EQUIVALENTS, APRIL 1, 2005		<u>26,772</u>
CASH AND CASH EQUIVALENTS, MARCH 31, 2006		<u>\$ 43,378</u>

TRUST AND
AGENCY FUND

CHARTER TOWNSHIP OF YORK
TRUST AND AGENCY FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS

Cash and equivalents

\$ 89,541

LIABILITIES

LIABILITIES

Due to others

\$ 27,933

Due to other funds

61,608

Total liabilities

\$ 89,541

CURRENT TAX
FUND

CHARTER TOWNSHIP OF YORK
CURRENT TAX FUND
BALANCE SHEET
MARCH 31, 2006

		<u>ASSETS</u>	
ASSETS			
Cash and equivalents		\$ 10,928	
Due from others		<u>700</u>	
Total assets			<u>\$ 11,628</u>
		<u>LIABILITIES</u>	
LIABILITIES			
Due to other funds		\$ 11,572	
Due to others		<u>56</u>	
Total liabilities			<u>\$ 11,628</u>

CHARTER TOWNSHIP OF YORK

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED MARCH 31, 2006



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
AICPA Private Practice Companies Section
MACPA

225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
FAX (810) 229-5578

September 25, 2006

Board of Trustees
Charter Township of York
11560 Stony Creek Road
Milan, Michigan 48160

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the Charter Township of York for the year ended March 31, 2006, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. These matters are as follows:

- The Board should be aware of the new accounting pronouncements concerning the recording of post retirement benefits other than pensions.
- With the current short term rise in interest rates the Township should review its investment strategy consistent with its investment policy.
- The bank reconciliations were not performed timely.

RECURRING COMMENTS FROM PRIOR AUDIT PERIODS

- The Trust and Agency Fund was not reconciled during the year.
- The Township may wish to consider the cost/benefit of segregating the duties in the building department.

This letter does not affect our report dated September 25, 2006 on the financial statements of the Charter Township of York.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Board of Trustees, and management of Charter Township of York and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
AICPA Private Practice Companies Section
MACPA

225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
FAX (810) 229-5578

September 25, 2006

Board of Trustees
Charter Township of York
11560 Stoney Creek Road
Milan, Michigan 48150

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Unadilla Township, as of and for the year ended March 31, 2006, which collectively comprise Charter Township of York's basic financial statements and have issued our report thereon dated September 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Charter Township of York's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charter Township of York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Charter Township of York, in a separate letter dated September 26, 2006.

This report is intended solely for the information and use of the Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants